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When AI goes wrong in wealth management
By Rob Burgess
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As you may have noticed, artificial intelligence is seemingly everywhere. New standalone AI tools that promise the moon and stars come online daily. And existing technology solutions are routinely injecting more and more AI into their current offerings, whether or not anyone asks for it.

More than a few financial advisors have been watching these developments with a skeptical eye.

Roughly half of wealth management firms are moving forward with AI adoption, while the other half is holding back, according to the inaugural "Cost of AI" research report by Arizent, Financial Planning's parent company.

Most financial advisors use generative artificial intelligence at least occasionally in their practice, but they generally feel more comfortable using it in their personal lives than at work, according to a recent Financial Advisor Confidence Outlook (FACO) survey by Financial Planning.

In fact, according to another recent FACO study by Financial Planning, around four in 10 advisors are at least moderately concerned AI will replace them.

Don't worry about being made redundant, though, boosters will insist. These tools are merely enablers meant to save advisors time so they can build and foster the irreplaceable human connections at the center of this business, they say.

But what about when AI makes things more difficult? When using it takes longer than it would have without it? You may end up prompting an AI chatbot so many times that you reverse engineer the process of thinking with your actual human brain before the robot spits out something remotely usable.

Clients, too, may not appreciate the value you bring to the advisory relationship if they suspect you rely on AI tools too heavily.

Scroll down the slideshow to read more on five cases in which AI is creating more problems than it solves.

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Scammers use AI to steal clients' money
Is that your client's grandson calling asking for money because he's in trouble? Or is it really cybercriminals equipped with AI tools trying to pass off a

deepfaked facsimile in order to bilk them out of their money? Advisors have an important role to play when it comes to protecting clients and their savings from increasingly sophisticated fraud.

READ MORE: AI scams are getting harder to spot. How advisors can help

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The AI that wastes more time than it saves
Shortcuts, by definition, are supposed to take less time than normal. And that's what AI providers often promise when selling the utility of their products. But many financial advisors encounter exactly the opposite scenario all too often, especially when it comes to crafting client-facing content that doesn't sound canned or robotic.

READ MORE: When AI shortcuts backfire on advisors

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The end of SEO as we know it
AI-enabled search is one of those cases of the default being set to opt-out instead of opt-in. The AI summaries that now top most Google searches — so-called zero-click search results — have led to a drastically changed environment for advisors who want to be "discoverable" to potential clients online. That means traditional SEO methods, on which so many marketing strategies are built, are taking a beating. Advisors who want to remain relevant need to modify their approach.

READ MORE: AI-powered search is re-writing SEO rules, and advisors must adjust

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Clients want to talk to a human, not a bot
When clients are willing to pay for the expertise of an advisor, they don't want to hear canned bot responses. If they suspect the email you sent was generated by AI instead of your imagination, the amount they're willing to pay for advice shrinks significantly, according to recent data from Morningstar. If you're thinking of using AI to craft your latest client communication, read this and reconsider.

READ MORE: Using AI to write that client email? Think twice.

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They won't do what you tell them
Roadblocks to AI adoption are usually framed by industry studies as being rooted in a lack of access, support and understanding. But there are more than a few financial advisors who understand AI perfectly well, they just hate it (or aspects

of it). "I fear our brains will turn to mush when we rely on these systems too heavily," said one.

READ MORE: Some advisors rage against the machine learning

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